Global Development 2.0: An Expanding Ecosystem

If new and traditional players collaborate effectively, their efforts could be more than the sum of the parts.

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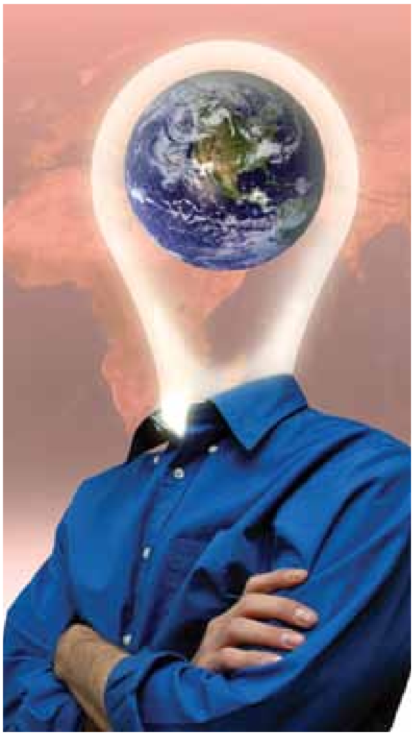
THE INTERNATIONAL DEVELopment community has undergone a radical reconfiguration over the past sixty years. No longer the exclusive purview of developed world officials, the business of global poverty alleviation has both democratized and intensified. Now mega-philanthropists, the private sector, social entrepreneurs, newly emergent bilateral donors such as China and Russia, celebrity advocates, and the global public itself are operating alongside and occasionally at odds with traditional development players. Establishing hybrid for-profit/not-for-profit entities, pioneering multi-stakeholder initiatives, and galvanizing the public, new players are bringing fresh energy, resources and ingenuity to bear on entrenched poverty worldwide. And though some of these actors have been a part of the development landscape for many years, the global explosion of wealth coupled with new media and social networking capabilities of the last decade together enable a considerable shift in the way foreign aid is both administered and distributed.



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During the immediate, postcolonial era of giving in the 1960s and 1970s, roughly 38 official bilateral and multilateral donors annually disbursed an average of $43 billion in assistance (in 2006 dollars). Today, hundreds of development entities are spread across a larger group of countries, annually disbursing $159 billion (net of debt relief). The throng of new participants distributes vast amounts of that assistance, as estimates suggest that their giving in 2006 approximated all official development assistance from traditional donors. William Easterly has described the traditional development establishment as a "cartel of good intentions," but today's ever-more-crowded field might also be described as a marketplace that is increasingly competitive and entrepreneurial. Yet in the development market, more producers do not guarantee more effective antipoverty outcomes (as would be the case in a traditional market), because the power to drive results still ultimately rests with donors rather than the intended beneficiaries. As a result, there is no guarantee that increased competition will necessarily deliver improved outcomes.

While there is much to celebrate about the burgeoning aid landscape, there is also much to learn and do to ensure that more development players create lasting and widespread improvements to the lives and prospects of the world's poorest people. Risks of duplicated effort and inefficiency abound. For example, on the official side alone, the average number of donors per recipient country grew from 12 in the 1960s to more than 30 in the period from 2001–2005, which suggests that multiple actors are trying to address the same challenges. Similarly, more potential funders may put greater burdens on recipient countries through idiosyncratic reporting and assessment procedures and differing donor-led priorities. Impact assessment is inherently difficult as there is no common agreement on the right bottom line when fighting poverty with a diverse array of actors. Furthermore, assessment is both costly and time intensive. Advocacy campaigns may inadvertently concentrate funding on single issues leaving other worthy issues cash strapped. For example, in Rwanda, $48 million annually is available for ▷

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HIV/AIDS, which affects roughly three percent of the population age 15 to 49 years, while only $1 million is available for less trendy maternal and child health programs. Of further concern is that established incentive structures and terms of conditionality might be undermined as recipients have a larger pool of assistance providers from which to choose.

For traditional players, this new landscape offers an opportunity to reexamine their role and raise their game. In the United States, the nascent Obama administration has a ripe opportunity to recalibrate foreign assistance in a way that adapts to this new ecosystem and better positions official U.S. efforts within the 21st century global development landscape. Amidst pledges for broad reform in both the Democratic Party platform that committed to "modernize [U.S.] foreign assistance policies, tools, and operations in an elevated, empowered, consolidated, and streamlined U.S. development agency" and in Secretary of State Hillary Clinton's calls for strengthened foreign assistance programs with greater resources and better coordination is an opportunity to take into account, and partner with, newly prominent players in the field of global development. Reforms should enhance the effectiveness and responsiveness of foreign assistance and enable the government to leverage those resources put forward by both new and traditional development players. The current shortage in staff and technical skills within USAID impedes the government's capacity to even enter into public-private partnerships. Beyond straightforward resource issues, however, the new administration should think creatively about using its bully pulpit to convene international businesses, foundations, NGOs and other key stakeholders into a standing network focused on key themes such as agricultural productivity, girls' education, climate change adaptation, global health, Middle East youth development, or other areas of priority concern. The government could commit catalytic challenge funds to address these issues while leveraging support. It could also do much more work with the broader development community to identify, replicate and scale up successful innovations and to support social entrepreneurship. A window of opportunity now exists to use the momentum of the new administration to effectively tap public enthusiasm for international service. Such efforts should extend to corporate associations of retirees who have a desire to actively apply their business skills in the service of global development and U.S. national interests.

If both new and traditional players in international development learn to collaborate effectively in cross-sector partnerships and networks, their efforts could amount to more than the sum of the parts. But to do so will require bridging differences in objectives, exploiting comparative advantages, adopting common methods for impact assessment, and engaging actively in coordination. MD